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FM AMEMBASSY CAIRO  
TO RUEHC/SECSTATE WASHDC PRIORITY 4440  
INFO RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 CAIRO 002292

SIPDIS

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SUBJECT: BANKING REFORM CONTINUES BUT IS NARROWLY FOCUSED

REF: CAIRO 002189

1.(SBU) Key points: --The GOE's second phase banking sector reform program aims to consolidate the gains made during first phase of reforms whi  
2.(SBU) On 17 November, econoff met with Lobna Helal, head of the Central Bank of Egypt,s Banking Reform Unit to discuss the Central Bank of Eg  
3.(SBU) The first phase of the CBE,s reforms (2004 to 2008) recapitalized, consolidated, and partly privatized the banking sector. This reduced  
4.(SBU) Financial sector reform, including those in the banking sector, are part of the Nazif government,s broad economic reform program that h  
5.(SBU) The second phase is focused on strengthening bank regulation to improve corporate governance and domestic bank risk assessment and mana  
6.(SBU) Helal told us that the CBE is trying to improve access to finance for small and medium businesses which the GOE sees as a way to signif  
7.(SBU) Helal said the CBE had no intention of privatizing any more banks. She said the current banking structure of roughly 40% public commerc  
8.(SBU) The public sector banks are improving their efficiency in part by creating a better workforce through increased turnover and changing t  
9.(SBU) Helal told us that the CBE was still planning to divest its shares in the British Arab Commercial Bank and the United Bank in 2011 thrc  
10.(C) Helal's comment to us that the CBE has no intention of privatizing the three state-owned commercial banks is not a good sign for potenti  
11.(C) Creating a moveable asset registry is a good way to allow a larger part of the population access to loans, but without a significant img